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November 17, 2004

Honorable Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Atmos Energy Corporation
Case No 2004-00300

Dear Mr. Dorman:

Pursuant to the Order of the Kentucky Public Service Commission dated October 6, 2004 in the above-referenced docket, enclosed is Atmos Energy Corporation's report of action relating the debt and equity issuances authorized by the \$2,200,000,000 Universal Shelf Registration for debt and equity financing.

If you have any questions or require further information, please do not hesitate to contact me at (972) 855-9755. Thank you for your assistance.

Sincerely,


Stephanie Castle
Assistant Treasurer

Enclosures

cc: Gary Smith
Doug Walther
Wes Stevens

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 2004-00300**

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**REPORT OF ACTION
November 15, 2004**

**PUBLIC SERVICE
COMMISSION**

RE: Application of Atmos Energy Corporation (Atmos), for an order authorizing the implementation of a \$2,200,000,000 Universal Shelf Registration for debt and equity financing.

Reference is made to the order entered into on October 6, 2004, which requires Atmos make a report to the Commission relative to the issuance of any securities pursuant to the universal shelf registration.

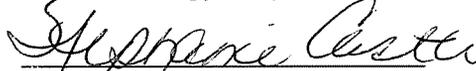
Atmos hereby reports:

1. On October 18, 2004, Atmos priced \$1.4 billion of senior unsecured notes in four series. The notes consist of \$300 million of floating rate senior unsecured notes due 2007, with an annual interest rate of three-month LIBOR plus 0.375% (initial annual interest rate of 2.47%), \$400 million of 4.00% senior unsecured notes due 2009, \$500 million of 4.95% senior unsecured notes due 2014 and \$200 million of 5.95% senior unsecured notes due 2034.
2. On October 22, 2004, Atmos received net proceeds of \$1,388,731,000.00. The proceeds from the debt issuance were used to pay off short term debt outstanding in association with the October 1, 2004 acquisition of TXU Gas Company. Attached as Exhibit A is the Performance Report issued by Merrill Lynch outlining the pricing, interest rate, purchasers, fees and includes the Prospectus Supplement dated as of October 18, 2004. Attached as Exhibit B is the indicative pricing information furnished by Merrill Lynch & Co as of September 21, 2004.
3. Current market rates are exceptionally favorable and based on credit spreads for similarly rated issuers over equivalent maturity Treasury securities, Merrill was able to offer the \$1.4 billion senior notes at an all in spread of 49 -121 bp pricing range for the four series. The tight pricing and broad distribution of the notes helped attain optimal pricing.
4. In June 2004, Atmos entered into two cash-settled treasury locks to fix the Treasury yield component of \$675 million principal amount of the notes. In September 2004, Atmos entered into two additional agreements to fix the Treasury component of an additional \$200 million principal amount of the notes. The termination of all four treasury locks occurred on October 22, 2004 with \$43.7 million in net settlement paid by Atmos. Attached as Exhibit C are the derivative confirmations outlining the terms of the agreements.
5. On October 27, 2004, Atmos offered 14,000,000 shares of common stock, no par value to the public at \$24.75 per share with net proceeds to the Company of \$332,640,000. The proceeds from the stock issuance were used to repay short-term debt outstanding in association with the acquisition of TXU Gas Company. Attached as Exhibit A is the Performance Report issued by Merrill Lynch outlining

the pricing, allocation of shares, fees and includes the Prospectus Supplement dated as of October 21, 2004.

6. The Prospectus Supplement allowed for an additional issuance of up to 2,100,000 shares at the \$24.75 price, less underwriting discount, within 30 days from the date of the Prospectus Supplement to cover overallocments. On October 27, 2004, the Company received net proceeds of \$49,896,000 from the issuance of 2,100,000 shares of common stock issued through the overallocment provision.
7. As of October 31, 2004, Atmos has placed \$1.4 billion in senior notes and issued \$398,475,000 in common stock leaving \$401,525,000 of the original \$2.2 billion registration available for additional issuances.

Atmos Energy Corporation



Stephanie Castle

Assistant Treasurer

Indicative New Issue Levels for Atmos Energy Corporation (September 21, 2004)

Scenario A - 5 & 10 Year with Existing Hedges; 3 and 30 Year Not Hedged

Tenor	Maturity	Spot Rate	Hedge Rate	Hedged Amount	Unhedged Amount	Blended Rate	Spread	Yield	All-In Yield	Size	Spread
3	10/1/2007	2.760%	-	-	\$ 200,000,000	2.760%	0.80%	3.560%	3.720%	\$ 200,000,000	0.450
5	10/1/2009	3.290%	4.410%	\$ 250,000,000	\$ 50,000,000	4.223%	0.85%	5.073%	5.211%	\$ 300,000,000	0.600
10	10/1/2014	4.080%	5.052%	\$ 425,000,000	\$ 75,000,000	4.906%	1.00%	5.906%	5.994%	\$ 500,000,000	0.650
30	10/1/2034	4.890%	-	\$ -	\$ 300,000,000	4.890%	1.20%	6.090%	6.154%	\$ 300,000,000	0.875

Total/Avg

1,300,000,000

Average Life

12.4

Average Yield

5.40%

Average All-In Yield

5.50%

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**PUBLIC SERVICE
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Performance Report



**Common Stock Offering
Senior Unsecured Notes Offering**

November 2, 2004

